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Project Briefing

SEATTLE PUBLIC UTILITIES INTERNAL CONTROL RISK ASSESSMENT

Project Objectives

- Risk Assessment of the quality of the internal controls for external revenue and associated cash handling/collections activities.
- Provide recommendations for changes in internal controls or further review.

Report Organization

- **First few pages summarize the project.**
- **Appendix A documents the system of controls:**
 - **Accounts Receivable.**
 - **Over-the Counter- Utility Services Group.**
 - **Transfer Station.**
 - **Timber Sales.**
- **Appendix B is Risk Assessment.**
- **Appendix C-List of Revenues**

Scope of Work

- **Review covers approximately \$48 million or 7% of total revenues:**
 - \$33 million in Accounts Receivable System.
 - \$10 million from Transfer Stations
 - \$5 million in the Over-The-Counter system.
- **Revenue excluded:**
 - Retail utility services processed by the CCSS System and water main extensions (approximately \$500 million).
 - \$85 million received directly by treasury for fees, investment income and grants.
 - \$24 million is not external or cash.

Conclusions

- **SPU has instituted substantial procedures and controls to safeguard cash, protect accounts receivable records and record revenues. Examples include:**
 - **Access to cash is separated from accounting duties.**
 - **Numerical control of revenue documents.**
 - **Policies regarding review and approval.**

Recommendations

- **Examples of recommendations to enhance controls:**
 - **Control changes to records for revenue reductions.**
 - **Develop revenue expectations to compare to actual results.**
 - **Account for and match service requests to services invoiced.**
- **Longer term strategies: reduce cash and increase Treasury's involvement in collection.**

Next Steps

- **Publish Final Report.**
- **Questions?**